

It is with great disappointment that I must announce major changes to the City of Covina's organizational structure as a result of the State of California's directive to dissolve Redevelopment Agencies. Cities, including Covina, must follow the law as upheld by the State Supreme Court, therefore, effective February 1, 2012 the Covina Redevelopment Agency will cease to exist. This dissolution has resulted in many extraordinary challenges for our organization, several of which require immediate action. Other challenges will be addressed over the next few months, and the process as outlined by the State is complex, so this is only the first report on the issue. I will report on our continued course of action as decisions are made and the process unfolds. We are entering uncharted territory for most local governments as redevelopment has been the tool used for local economic development and housing for the past 60 years. As always, Covina will follow the law and act prudently and responsibly in making decisions, budgeting and enacting changes that will affect the entire community.

### **Immediate Actions Taken**

#### **Staffing Reductions**

The loss of Redevelopment includes the complete and immediate loss of the restricted funding used to provide redevelopment and housing services. ***In Covina's Case this is an estimated fund balance cash amount (housing and other funds) of \$13,059,000 for distribution and \$4,101,000 in property tax revenue to be allocated to taxing entities.***

***Covina cannot afford to pay for these costs using General Fund money; therefore it is necessary to reduce expenditures immediately. To do this the following steps have been taken:***

**Seven** staff positions funded exclusively or substantially with Redevelopment revenue are being eliminated in 30 days. This action is painful but absolutely necessary. These individuals, some of whom have more than 20 years of service with Covina, have been dedicated, valuable, and integral members of the Covina service team and this loss will have a negative impact on our organizations ability to respond to the needs of those we serve.

I sincerely hope that in the coming months, as some 400 redevelopment agencies scramble to comply with the law and do the necessary work to wind down their respective agencies that sufficient resources are made available so we can rescind at least some of the cuts made to do said work. I also hope that the State Legislature shall see the wisdom and value associated with local economic development and that they will provide a tool where the talent and experience of those released can be retained to continue to improve and build local communities.

#### **Successor Agency**

Again following the law, Covina City Council voted to become the Successor Agency to handle the dissolution process. For a more comprehensive understanding of the process, [lick here](#) to view the January 11, 2012 City Council meeting where this action was taken.

Major duties of this Successor Agency include:

- Ensure that enforceable obligations of the dissolved agency are paid. Enforceable obligations have been determined by the City through City Council action but must be approved by the State. [Enforceable Obligation Payment Schedule](#) as required by AB 1x 26
- Maintain all Bond reserves
- Remittance of all unencumbered Redevelopment funds, including Low and Moderate Housing funds to the Auditor/Controller for redistribution to other entities.
- Facilitate the disposition of all Redevelopment assets.
- Oversee projects currently in construction or under contract for construction.

### **Oversight Board**

A group comprised of representatives appointed by the City and other taxing entities (Los Angeles County, County Department of Education, Community College Districts, etc.) will be in place by May 1, 2012. This will be a non-compensated board which will have approval rights over most of the decisions made by the Successor Agency.

Finally and in addition to the Oversight Board the decisions of the Successor Agency must be reviewed and approved by the State Department of Finance and the State Controller's Office.

***At a Special meeting of the Covina City Council held on Monday, January 30 at 7:30 pm,*** the decision was made to transfer to the Covina Housing Authority the rights, powers, obligations and responsibilities associated with the housing programs of the to be dissolved Covina Redevelopment Agency. Under the present situation the law as upheld by the Supreme Court provides that all unencumbered housing funds would be transferred and not available for Covina projects.